Tools to Manage Purchased Care: An MTF Perspective

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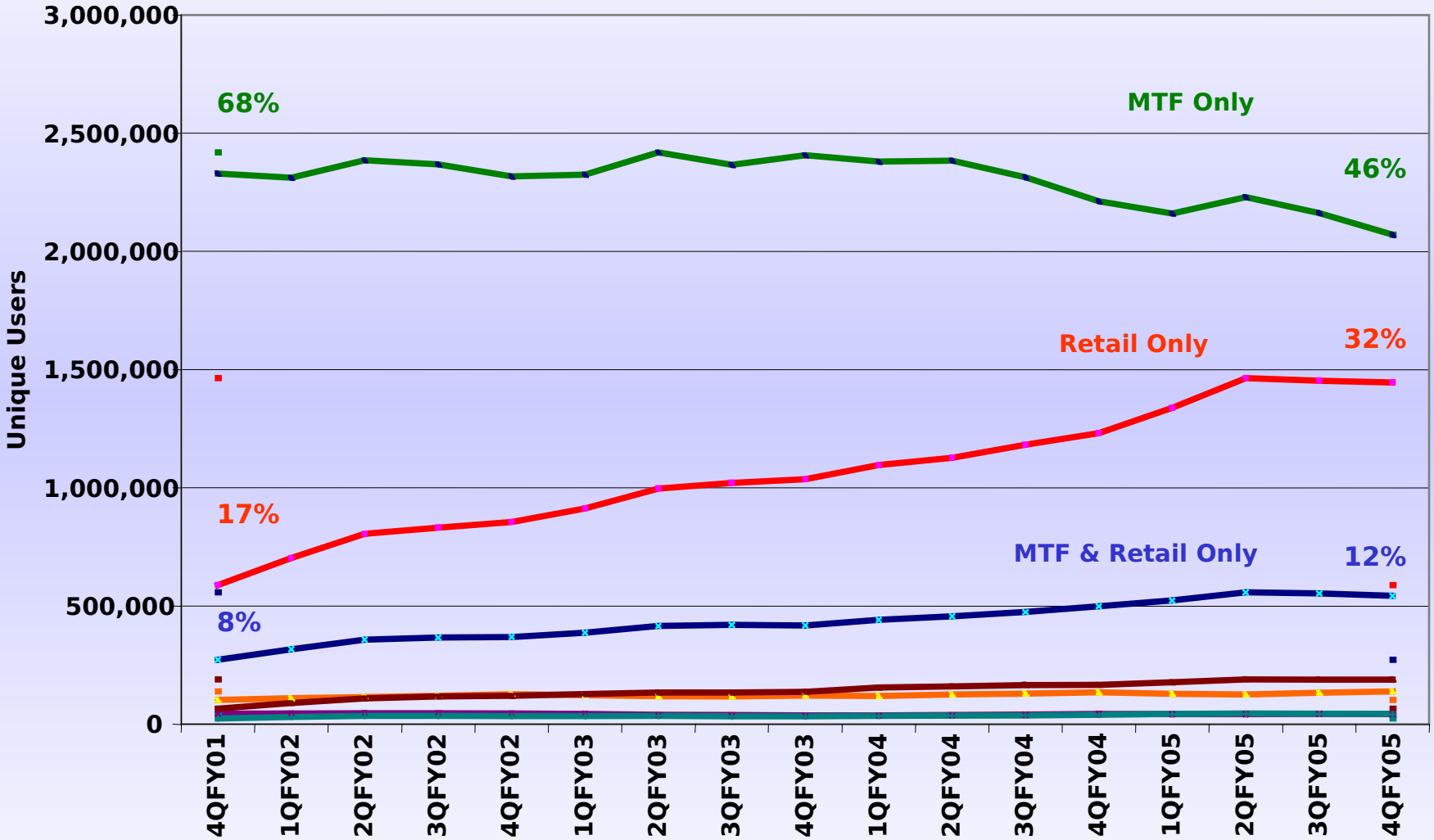
Unique Users

4Q FY01 – 4Q FY05



Tools the MTF Can Use?

- If you build it, will they come?
- Your competition
  - 56,493 network pharmacies (Dec 05)
    - Urban – 2 miles of 90% of benes
    - Suburban – 5 miles of 95% of benes
    - Rural – 15 miles of 95% of benes
    - Many open 24/7
  - Mail order – 90 day supply for $3/$9/$22
- Marketing
  - Brochure each quarter to newly enrolled
  - Website – pharmacy locator, FAQ's
- Customer service – 24 hours/day, 365 days/yr

So What Can an MTF Do?

- **Suggest retail utilizers use mail order**
- **Develop and use medical necessity process for non-formulary drugs**
- **You write it, you fill it!**
- **Keep the patients coming back**

Purchased Care Cost Saving Tools

- Quantity limits
- Prior authorizations
  - 9 drug classes
  - Most have open ended expiration date
    - Exception: anti-fungals, growth hormone, fertility drugs
- Uniform Formulary
  - Non-formulary drugs
    - TRRx - $22.00/30days TMOP - $22.00/90 days
- Retail
  - Guaranteed reimbursement rate (AWP - % discount)
- Mail Order
  - Federal Pricing rather than AWP - % discount
- Note: NF fills no longer portable from MTF to retail and mail
  - Gives MTFs a chance to establish local MN processes

Do PA's Really Work?

- **Assessing the success of PA criteria**
  - **Frequency of request, approval rate, denial reasons**
- **PDE-5 Inhibitors (Jan '05 - Mar '05)**
  - **5,176 benes receiving PDTS reject**
  - **1,829 (35%) initiate the PA process**
  - **1,711 (94%) have PA approved**

TRRx PA Denial Rates – Nov ’05

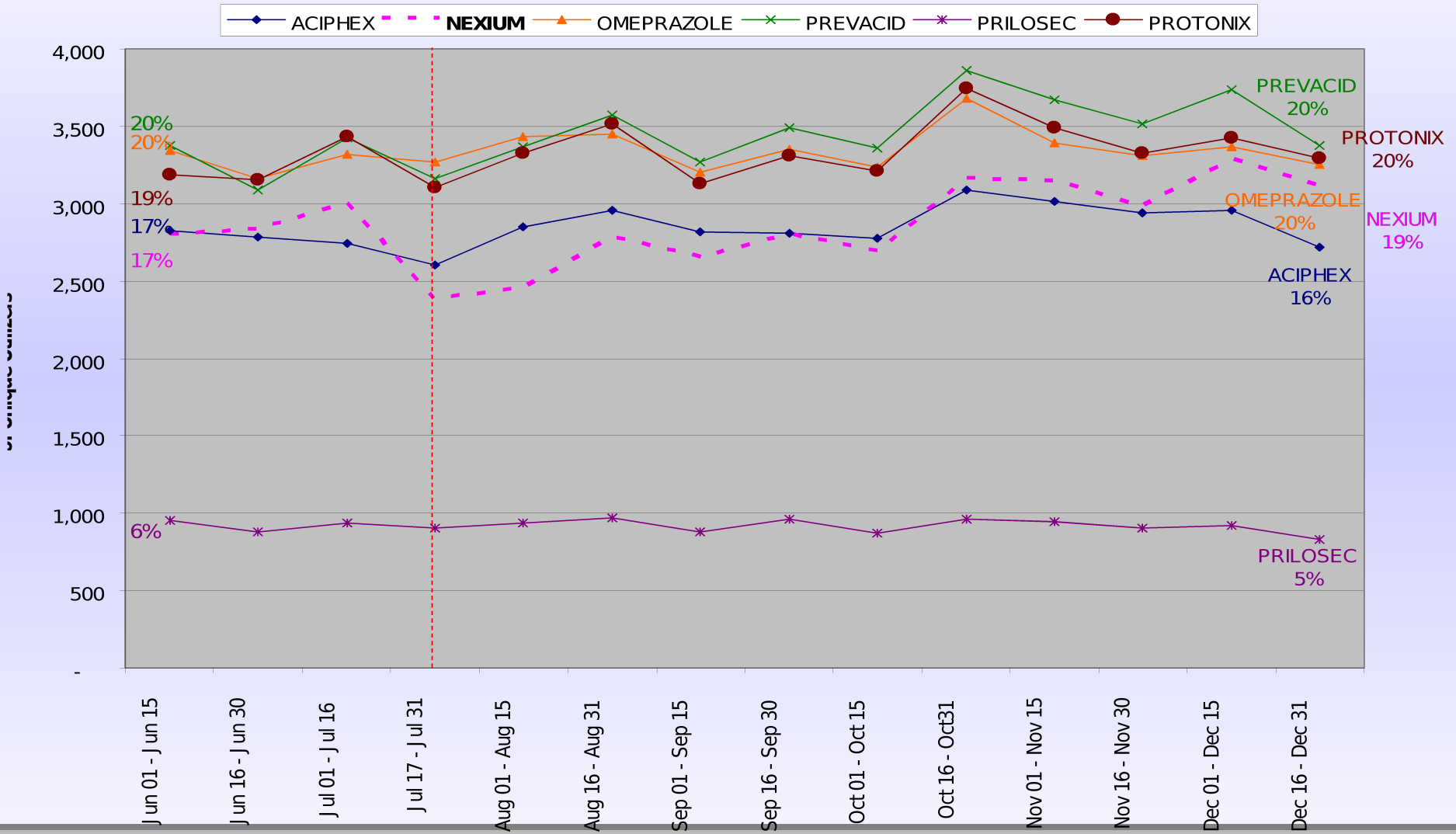
Enbrel (124)	**1.61%**
Humira (114)	**1.75%**
Growth Hormone (56)	**11%**
Antifungals (1642)	**28%**
Fertility drugs (93)	**34%**

Uniform Formulary – How well is it working?

- Really too soon to tell
- What to evaluate
  - Utilizers willing to pay $22.00
  - Utilizers that switch from retail to mail
  - Utilizers that pursue medical necessity – how successful are they?
    - Frequency of request
    - Approval rate
    - Denial reasons
  - Cost savings across the MHS

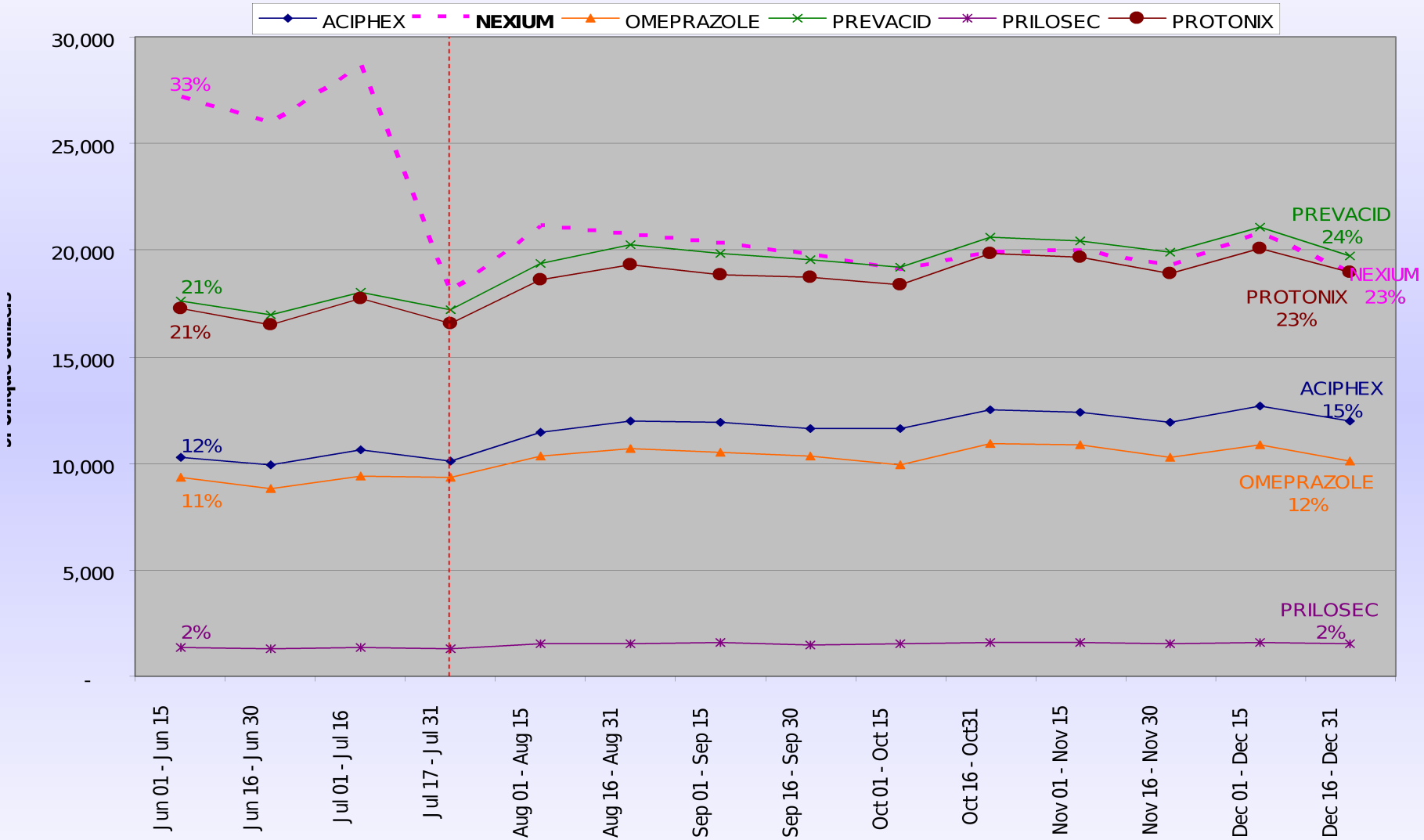
PPI Utilizers at the TMOP

Uniform Formulary Rules In Effect on 17 July 2005



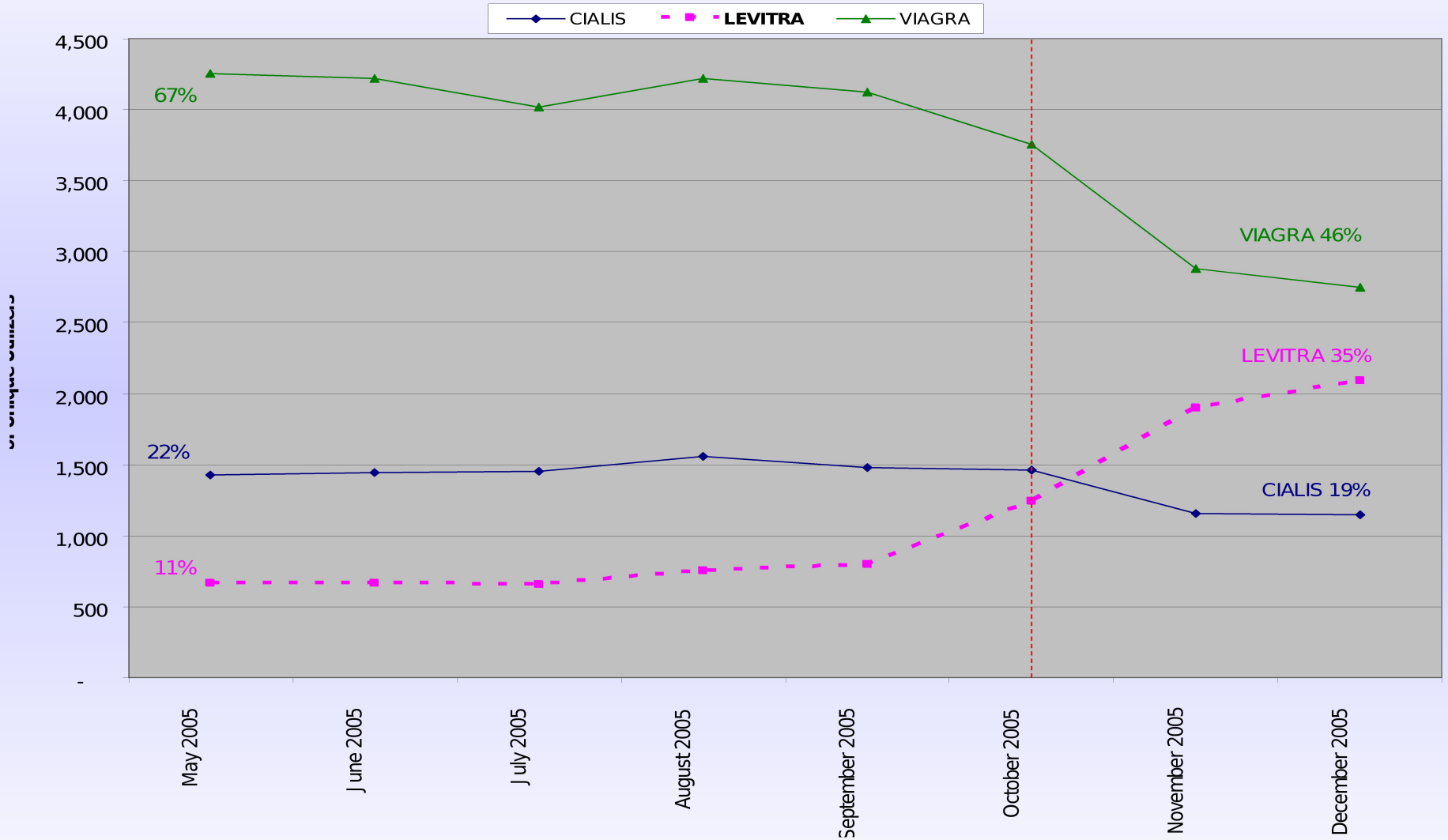
PPI Utilizers at the TRRx

Uniform Formulary Rules In Effect on 17 July 2005



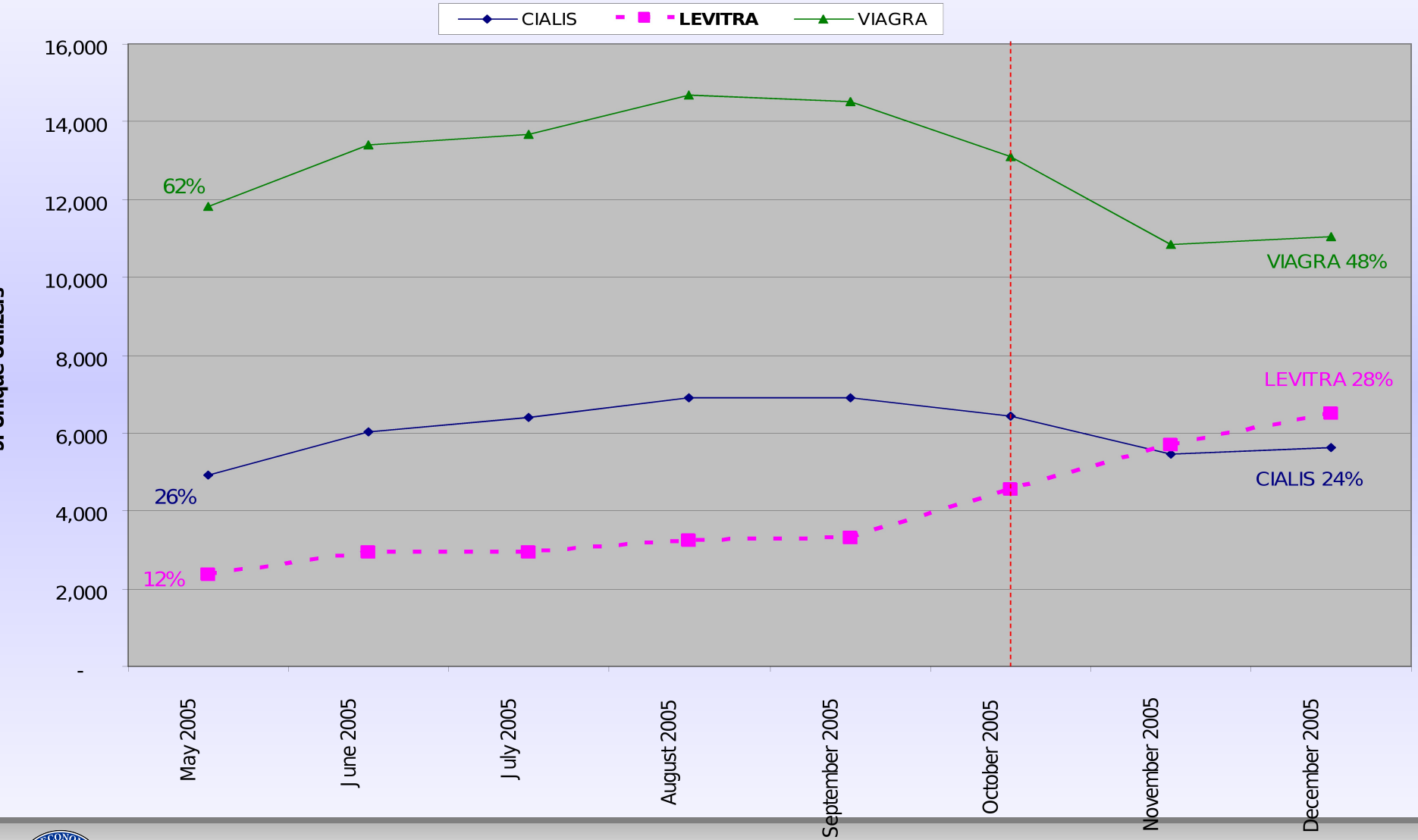
PDE-5 Utilizers at the TMOP

Uniform Formulary Rules In Effect on 12 October 2005

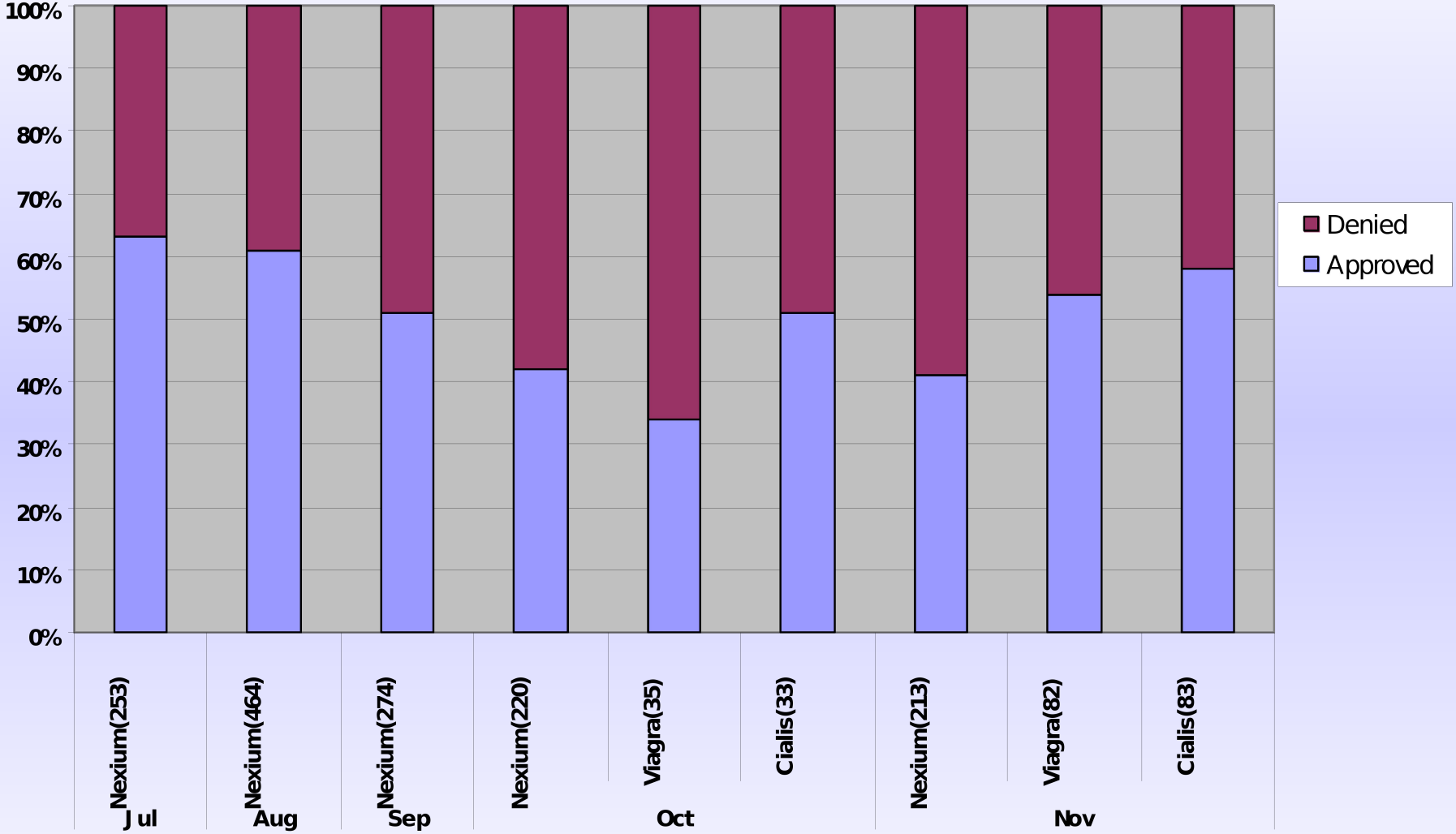


PDE-5 Utilizers at the TRRx

Uniform Formulary Rules In Effect on 12 October 2005



TRRx MN Determinations



The Doc Really Wrote for THIS!

- **Compounded items**
  - **TMOP compounds limited number of items**
    - **Call ESI at 1-866-DoD-TMOP**
    - **$9.00 copay/90 day supply**
  - **Some network pharmacies compound**
    - **Call ESI at 1-866-DoD-TRRx**
    - **$9.00 copay/30 day supply**
- **High cost, special distribution items**
  - **Over 200 network pharmacies that dispense special pharmaceuticals**

Drug Seeking Beneficiaries

- **Can lock a beneficiary into one provider, one pharmacy**
- **Can block the beneficiary from receiving controlled substances at retail and mail**

TPharm – Next Generation Pharmacy Contract

- **TRICARE Retail (TRRx) and TRICARE Mail Order (TMOP) combined**
- **Anticipate award – Fall 2006**
- **Mail Order Pharmacy – Start Feb 2008**
- **Retail Pharmacy – Start June 2008**

Contract Objectives

- **Uniform consistent, equitable prescription drug benefit**
- **Influence beneficiaries and physicians to increase utilization of most cost effective agents and venue**
- **Enhance patient safety through utilization of best commercial practice**
- **Ensure a high level of beneficiary satisfaction**

Significant Features

- **Jurisdiction**
  - **Mail order – world wide**
  - **Retail network – US, Guam, Puerto Rico, US Virgin Islands, American Samoa?, Northern Marianna Islands?**
- **Guaranteed reimbursement rate**
- **Network access requirements**
  - **Urban – 2 miles of 90% of benes**
  - **Surburban – 5 miles of 95% of benes**
  - **Rural – 15 miles of 95% of benes**
  - **Network disruption tied to incentive**
- **Mail order to be replenished from National Prime Vendor**
  - **Managed Care Pricing File (MCPF) used for pricing**
- **PDTS to provide ProDur**

Enhancements

- On-line coordination of benefits
- Specialty pharmacy services
- Explanation of benefits (EOB) on line and on request
- Mail order to participate in DoD pharmacy returns contract
- Educational outreach by contractor
- MTF refills